



CONGRESS OF THE UNITED STATES  
HOUSE OF REPRESENTATIVES

June 15, 2010

The Honorable Barney Frank  
Chairman  
House Committee on Financial Services  
2129 Rayburn House Office Building  
Washington, D.C. 20515

Dear Chairman Frank:

Thank you for your hard work and leadership on financial regulatory reform. As the conference committee works to reconcile the House and Senate bills, I urge you to make protecting consumers, cracking down on corruption and fraud, and shoring up our economy your top priorities.

Over the last year and a half I have heard from countless Mainers sharing their concerns about our system of financial regulation that has allowed many on Wall Street to gamble their livelihoods and defraud consumers, leading to the deep economic downturn we have experienced in the last two years and contributing to the loss of 8 million jobs. People are angry, and justifiably so. They feel that their interests have been forgotten and their rights have not been protected – this is your chance as Chair of the conference committee to produce a final bill that will crack down on the abuses we have seen and renew our commitment to protecting the American people from fraud and corruption. I wanted to take this opportunity to share with you four issues that are important to me that I hope you will address as you finalize work on this bill.

Above all, the final version of this bill must demonstrate a strong commitment to protecting consumers. Americans look to the FDA and Consumer Product Safety Commission to keep the food we eat, the medicine we take and the toys we buy for our children safe, yet there is currently no agency whose sole purpose is protecting consumers in their interactions with big banks and credit card companies – it's time to change that and make sure that the financial products and services we buy are secure, understandable and transparent. Consumers deserve credit card agreements they can understand, and protection from hidden fees and teaser rates that lure customers in and let banks make huge profits. I urge you to work for a Consumer Financial Protection Agency (CFPA) similar to one created in the House bill, that has as much autonomy and independence as possible. This agency must have an independently-appointed director, and must be empowered with rulemaking authority over financial institutions, while maintaining good coordination with the SEC, the CFTC, the Treasury Secretary, the FTC and other federal agencies and state regulators to promote consistent regulatory treatment of, and enforcement related to, consumer and investment products, services and laws. The CFPA must be designed in a way that does not place an undue regulatory burden on small banks and credit unions – those financial institutions that are crucial pillars of our communities and were not responsible for the financial collapse. The CFPA should instead make a point of cracking down on institutions like payday lenders that have consistently taken advantage of consumers.

I also urge the conferees to pursue the strongest possible language on derivatives trading. It is time to rein in these complex financial instruments that have been traded in secret and have created billions of dollars in losses for investors and ultimately led to the Wall Street bailout. As Americans have learned more and more about derivatives, they have been appalled at their very nature and the ways in which they were used to package and resell so-called toxic assets. These tools are at the heart of what went wrong and we have an obligation to regulate derivative trading to align it with common sense business practices that most of us live

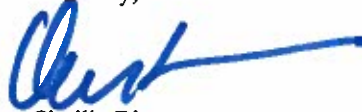
by. The Senate language on derivatives would ensure that they are moved through clearing houses, traded on exchanges, and subject to tough capital and margin requirements, all of which will help to cut down significantly on the rampant abuses we have seen. It is time to shine some light on these risky, complex transactions.

The issue of speculation on home heating oil hits my home state of Maine particularly hard. Maine has some of the oldest housing stock in the nation, and most Mainers rely on oil to heat their homes throughout our long, cold winters. It has been estimated that speculation in the home heating oil market has driven up the price by at least one dollar a gallon. This sharp increase hurts consumers, particularly low-income residents and seniors who are most vulnerable to the high cost of fuel. It is time to squeeze the speculation out of the marketplace. Without oversight and transparency of this process, the Commodity Futures Trading Commission is unable to effectively regulate and oversee the market for commodities like crude oil, gasoline and home heating fuel. This unpredictable and unchecked market activity only serves to distort the price of these commodities, hurting families across the country and placing an undue burden on programs like LIHEAP that help moderate-income families heat their homes each winter. I urge the conferees to adopt the strongest possible language to crack down on speculation on fuel oil markets and ensure that people in Maine and around the country are able to heat their homes without emptying their pockets.

Lastly, I urge the conferees to address the differences between the Federal Insurance Office (FIO) established in the House bill and the Office of National Insurance (ONI) created in the Senate bill. I strongly support the House's work in creating the FIO with the mission of monitoring all aspects of the insurance industry, including identifying issues or gaps in the regulation of insurers that could contribute to a systemic crisis and undermine the entire financial system. At the same time, the House bill includes language that would ensure that preemption provisions be only as broad as necessary to achieve the narrow objectives of the office and that appropriate procedural safeguards be in place to protect against any broadening of that preemptive effect. The Senate's ONI, on the other hand, does not contain this important language on preemption. Thus the ONI could have significant ramifications in the realm of international trade, giving that office the power to invalidate state insurance laws that are perceived to be inconsistent with international agreements. This could effectively preempt the state's ability to regulate domestic insurance, which could be devastating for a state like Maine, where we are proud to have some of the toughest, pro-consumer insurance regulations of anywhere in the country. I urge you to include the House-passed Federal Insurance Office in the final conference report.

As you move forward with the conference on this historic bill, I ask that you work to ensure the strongest possible protections for consumers – those who did nothing to cause our economic crisis and have only suffered from the abuses and irresponsible actions of a few on Wall Street who have treated our economy like a casino. Thank you for your consideration and for your dedicated work to reform our broken system of financial regulation.

Sincerely,



Chellie Pingree  
Member of Congress

cc: Chairman Christopher J. Dodd  
Ranking Member Richard Shelby  
Ranking Member Spencer Bachus  
Representative Paul E. Kanjorski  
Representative Maxine Waters  
Representative Carolyn Maloney

Representative Luis Gutierrez  
Representative Melvin L. Watt  
Representative Gregory Meeks  
Representative Dennis Moore  
Representative Mary Jo Kilroy  
Representative Gary Peters  
Representative Ed Royce  
Representative Judy Biggert  
Representative Shelley Moore Capito  
Representative Jeb Hensarling  
Representative Scott Garrett  
Representative Collin Peterson  
Representative Leonard Boswell  
Representative Frank Lucas  
Representative Henry Waxman  
Representative Bobby Rush  
Representative Joe Barton  
Representative John Conyers  
Representative Howard Berman  
Representative Lamar Smith  
Representative Edolphus Towns  
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Senator Mike Crapo  
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Senator Judd Gregg  
Senator Saxby Chambliss